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## BOOK REVIEWS.

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*Umriss und Untersuchungen zur Verfassungs-, Verwaltungs- und Wirtschaftsgeschichte, besonders des Preussischen Staates im 17. und 18. Jahrhundert.* Von GUSTAV SCHMOLLER. Leipzig: Duncker und Humblot, 1898. 8vo. pp. xiii + 686.

IN these last years the leading men of the German historical school have presented the quintessence of their work in collections of essays, which, perhaps better than their bulky works, disclose their attitude toward economic and sociological problems. Bücher's *Entstehung der Volkswirtschaft*, Knapp's *Landarbeiter in Knechtschaft und Freiheit* and his *Grundherrschaft und Rittergut*, Brentano's *Gesammelte Aufsätze* and Schmoller's *Umriss und Untersuchungen* throw light upon the work and aim of the last generation of historical economists. In witnessing their harvest we may try to judge from Schmoller's book as a specimen how far their ideals have been realized and our knowledge has been enriched by them. At the outset it may be held in remembrance that, if twenty years ago public men in Europe were right in complaining how little help the meager portions of economics concerning agricultural, industrial, and social politics could afford them, the new school has to a certain degree filled out that deficiency. The leaders of the historical school have not only inquired into present and past institutions and systems of economic administration, but they have also classified and analyzed the results of their historical and statistical investigation. The theoretical training, which they had received from their predecessors, as well as their equipment with facts, have brought forward works of permanent value, which, like those of Meitzen and Knapp, contain an almost mathematical derivation of modern forms of agricultural labor and land-tenure from historical forms of social dependence. Such work is not of scientific value alone; it is also of practical importance. If the phenomena, let us say, of certain modes of colonization are by experience proven to appear only under certain premises, the question of their application is rendered much easier to the statesman.

If such in general are the results of the activity of the historical school, they have been obtained by no new method, but by isolating and comparing similar groups of economic phenomena. And, while elsewhere sociologists have taken pains to discover the mystic principle of the evolution of human society, historical economists have done nothing but patiently analyze the causes of concrete phases of social transformation. They have declined to develop the world's history by means of some simple formula ; they preferred to win insight into the causal coherence of certain economic facts, rather than to aim at fictitious generalizations.

Nevertheless this attitude of, one might say, proud modesty cannot be maintained. In the long run the needs of economic history itself make themselves felt ; and even an hypothetical explanation of the transition of one economic order into another one is felt to be preferable to a total want of direction. To explain the genesis and development of modern economic life is the task which Bücher and Schmoller have set to themselves. The hypothetical character of this question will best be seen by comparing the conclusions reached by the two.

"National economy," in modern terminology, is, according to Bücher, of recent origin ; it presupposes the existence of exchange, division of labor, and of the authority of the state. Before "national economy" arose two economic orders had to disappear : the primitive economic organization of families or groups, producing merely for their own consumption, and the mediæval city economics, production for a restricted circle of customers. Not until many articles for consumption only reach the customers after having passed through the channels of the world's market, does modern national economy exist. These three phases, therefore, differ only as regards the length of the way by which articles of consumption pass from the producer to the last consumer.

To Bücher, therefore, the organizing principle of economic life is itself an economic agency. To Schmoller it is what we might call supra-economic. To him the different shapes which human society takes, the differences between the needs of the administration of village, town, province, and state are the constituting elements of economic life. If in Bücher's explanation we miss the origin and development of exchange, and of the interdependence of its forms with those of production by Schmoller's interpretation of economic evolution, this compli-

cated process is explained by the even more complex organization of the functions of the state. This theory the author professedly expounds in his essay on the mercantile system, which, through Professor Ashley's *Economic Classics*, is well known to English readers; in a postscript which the author has added in *Umriss und Untersuchungen*, he remarks that Bücher's, as well as his own kind of explanations, should be applied, in order to arrive at an exhaustive treatment of the genesis of economic organizations, and perhaps other methods besides (*"wohl noch mancherlei ausserdem"*). In Schmoller's work, the leading ethical ideas, the unseen hearts and brains of the masses and the personal activity of public men, play an important part among such "other agencies." But while no one could deny their weight even in the economic affairs of mankind, we are sadly wanting to know the degree in which the sphere of the spiritual factor reigns over material life. We want his line of demarcation.

The historical school, therefore, in its most conspicuous exponents in Germany, can hardly claim to have reached the height of scientific ambitions, which in the struggle for method in economics and in the controversy concerning materialism and idealism in historical science, has reached its summit. Yet it would be equally unjust to deny that to them we owe, as economists, a better distinction between the permanent and the variable factors in economic life, and that by them has been spread a recognition of the complex character of phenomena which the old school sometimes with some violence explained as being only applications of a fictitious simple case. On the other side, modern economic historians know better than the historians of the past on which agencies the development of our social and cultural institutions rests; they are bringing more light into that part of history which does not wholly belong to the past, but still influences the present. Of course they differ in assigning to one cause or to the other the more prominent part, depending on what is the main interest of their study. Thus Bücher dwells on the division of labor in the mediæval town, on its population, its budget, and on the origins of the newspaper press, all of which are brought under the application of his formulas: production by and for the consumers, production for customers, production for the market. Schmoller describes the influence of city, of territorial, and of state economies, upon the great domains of public policy: on public finances, on the army, on administration, on regulation of artisan corporations and industry, on

colonization, and on the corn trade. Schmoller's *Umriss* abound in illustrative details of his leading thesis. Thus a minute description of the prohibitionist policy which Frankfurt in 1562 practiced against Stettin, shows the beginning of state protection to lie in the economic rivalry of cities when no central power was yet in existence. That "the destinies of political evolution are the prime factors of financial history" is equally visible from an essay on the epochs of Prussian financial policy. He describes the primitive forms of feudal dues in the period of colonization, the adoption of money payments in the territorial period (1400-1640), the reform of taxation introduced by the Great Elector, the state excise and monopolies introduced in the eighteenth century. The absorption of the organs of public authority by the central power is no less demonstrated in a fascinating account of the changes by which, from the private enterprise of colonels, the most absolute domain of royalty, the Prussian standing army, emanated; or in an essay on Prussian bureaucracy, the outcome of the former seigniorial or municipal functions of justice and administration.

If Schmoller contends that no hard and fast rule for a normal evolution of public institutions can be given, he does not avoid drawing practical conclusions, the validity of which sometimes may seem to be open to doubt. If, for instance, he considers the introduction of universal military service to have served as the surest check against a pretorian régime, we may question this argument on looking to France. Similarly, some doubt may arise whether bureaucracy may under different circumstances be "a school of self-government in a free constitutional state, which has hindered the struggle of class against class from assuming brutal features." In many of his general conclusions, Schmoller, I believe, is attributing to institutions, what, in truth, has been the result of specific historical situations, the continuation, translation, or repetition of which can hardly be expected.

Prussian economic history is full of instances of energetic state-interference. The author sometimes even justifies the failure of this policy; he ascribes their establishment to the pressure of circumstances, even when, as in the case of the abuse of the privileged Russian company, one of the most competent contemporaries, the king himself confesses their futility. He qualifies, perhaps with more justice, the outlay of two million thalers, by which Frederic the Great in vain sought to introduce the silk industry in Berlin, to have been of the

nature of an educational grant, by which Berlin and the East was imbued with ideas, without which an industrial community cannot exist. In order to test the efficiency of agricultural colonization in Prussia, the author adduces statistical data, according to which from 1746 to 1804 the number of peasants in the Kurmark (Brandenburg) fell from 34.9 to 24.9 per cent. of the agricultural population, while the quota of day-laborers rose from 27.8 to 28.4 per cent. From these figures we might not draw the most favorable conclusions, but, according to the author, the class of the landless would have grown much more without that policy. And again, although he declines to accept the motion of Count Kanitz concerning the nationalization of the corn trade as being incomplete without a state monopoly of the baking and milling trades—and this would amount to social revolution—he confesses that the best historical model for a rationalized corn trade would be that of Frederic II. For the ways of Frederician policy, as he elsewhere (p. 565) declares, are those, “to the return to which we owe all that greatness we have reached since 1864.”

Thus starting from the political premises of economic evolution, the author draws political conclusions which, in many cases, are open to discussion. But the real value of Schmoller's work lies rather in disclosing the economic and social forces which developed the Prussian system of administration, than in general results. The student of economic history and policy will reap no small advantage from this apparent deficiency. From Schmoller's book he will get the impression that the last sentence is not yet spoken on the subject of state interference in economic policy, and that not only institutions, but generations of men must be penetrated by a sense of an abstract duty for national aims, in order to promote the prosperity of the people by the state.

DR. STEPHAN BAÜER.

BRÜNN.

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*A General Freight and Passenger Post: A Practical Solution of the Railroad Problem.* By JAMES LEWIS COWLES. Third edition, revised and enlarged. New York: G. P. Putnam's Sons, 1898, 8vo, pp. xxi + 312.

*A General Freight and Passenger Post* is one of the most unique of the many nostrums recently thrust upon the public. The reader is often at a loss to know whether to take the work seriously, for the